

# **MEETING SUMMARY NOTES**

## **Mayor's Infrastructure Finance Committee**

May 1, 2003

3:00 p.m., Hall of Justice, Police Training Room A

**Members:** Present – Brad Korell, Russ, Bayer, Jan Gauger,  
Carol Brown, Jon Carlson, Linda Crump, Bob Hampton,  
Dan Marvin, Richard Meginnis, Terry Werner, Larry Zink,  
Allan Abbott (non-voting)  
Absent – Jerry Schleich, Otis Young,

**Others:** Kent Morgan, Lynn Johnson, Roger Figard, Steve Masters,  
Margaret Remmenga, Randy Hoskins, Michele Abendroth

### **AGENDA ITEMS DISCUSSION:**

#### **1. Welcome - Brad Korell, Committee Tri-Chair**

Mr. Korell called the meeting to order at 3:08 p.m. and welcomed those present.

Ms. Crump stated that she has been very impressed with staff in providing the vast amount of information needed.

Mr. Korell stated that a “thank you event” for the committee and work group members and staff is being held at Wilderness Ridge on May 7<sup>th</sup> at 4:30 p.m.

#### **2. Public Comment Period**

Mr. Korell asked if there were members of the public present who would like to address the Work Group at this time. There were none.

#### **3. Parks and Recreation - Lynn Johnson**

In reference to the Parks and Recreation spreadsheet, Mr. Korell stated that \$3.5 million was added to the bond issue for trails. Mr. Johnson stated that the green space concept is intended as an integrated system of open space in and around the City and throughout the County. Some of it is or would be park land and some would be conservation areas. The piece that is not in there is to get the public agencies and private partners together and develop a strategy to determine how we are going to fund that open space acquisition. There needs to be a public engagement process. Mr. Zink questioned the use of the wording in the report on number 4, page 21 of the *Finance* section, which reads, in part, as follows: “*continued maintenance and rehabilitation of the trail system.*”

He suggested wording as such: *“the rehabilitation of existing trails to meet current standards.”* There was general agreement to use the wording proposed by Mr. Zink.

#### **4. Discussion of Draft Report**

Discussion then turned to the Final Review Draft of the Mayor’s Infrastructure Finance Committee. Mr. Korell asked that if anyone had any typographical errors to please report them to Mr. Morgan after the meeting. He then asked Mr. Morgan if anyone had called him prior to the meeting with any concerns or requested. Mr. Morgan stated that no one had contacted him.

Mr. Abbott reviewed the annual cost to homeowners of fully implemented proposals. He briefly reviewed the assumptions used in making the estimates. The total increase per household for the first year would be an increase of \$165.50 per year per household for a total cost of \$274.50 per year per household after fully implemented. Mr. Marvin then shared his estimates on the same scenario. In comparing the differences between the two spreadsheets, the major difference is in the G.O. bond. Mr. Marvin stated that he did not take into consideration the increase. Mr. Korell stated that the total increase for an average household would be approximately \$200-\$240. Mr. Korell recommended that stormwater be taken out and estimates to be decided upon by Mr. Abbott and Mr. Marvin be given for years 4, 8 and 12. There was general consensus with this recommendation.

Mr. Korell then drew the group’s attention to the spreadsheet titled, *Assumed 12 Year Infrastructure Needs and Financing Strategy*. He stated that the G.O. bond issue for roads would be \$91.5 million, sidewalks at \$6 million, trails at \$3.5 million, and \$5 million for maintenance and rehabilitation, for a total of \$106 million. Mr. Korell questioned the group’s agreement with the spreadsheet, as it will be included in the appendix of the report. There was general agreement with the spreadsheet.

Mr. Korell then asked the group to turn to the Final Report. He stated that the group will proceed with the document section by section.

In the *Report Introduction* section, Ms. Crump suggested placing the website address for the Comprehensive Plan in the introduction. There was general agreement with this suggestion.

There were no concerns with the *Process Overview* section.

In the *Preamble* section, Ms. Gauger suggested adding Mr. Korell’s proposed wording regarding integrating the Comp Plan and CIP, as follows: *“Proper planning, designing and building of public infrastructure is both a continuous and long term process. Planning for streets, water resource and distribution, and waste water treatment must be done years in advance of when services need to be installed to meet growth needs. Because Lincoln’s water and waste water systems are gravity flow designed, there is a logical sequencing of installation that optimizes construction costs and tax payer impact.”*

*Because of the long term planning horizon for infrastructure needs, the City's Comprehensive Plan, its capital improvement plan (CIP) and annual budget must be closely coordinated and tightly integrated. In the past, pressure from developer interests to vary from the Comprehensive Plan both in terms of timing and direction has resulted in infrastructure installation at substantially higher costs than planned installation would have incurred.*

*The Committee recognizes that development opportunities may present themselves to City Government that are not consistent with the Comprehensive Plan, the CIP or annual budget, but that never the less may be prudent both economically and politically. By maintaining a disciplined, long term planning process that includes an optimal baseline scenario based on sound, logical infrastructure installation, City Government will be positioned to evaluate such opportunities and consider the overall cost impact over and above the baseline scenario to determine if decisions to vary from the baseline plan are prudent.*

***Recommendation: City government should maintain a constant planning horizon of at least 12 years for infrastructure improvements for streets, water, waste water, storm sewer and parks based on the most optimal scenario for cost effective design and construction. This capital improvement construction plan should be closely coordinated and consistent with the Comprehensive Plan, and serve as the basis of the CIP and annual budget. When considering variations from this plan, City government should carefully consider infrastructure cost impacts. Decisions to vary from the plan should be minimized. When decisions are made to vary from the plan, the City should seek to recover as much of the cost incurred over the baseline scenario as possible from the developer."***

Mr. Abbott stated that he believes it is critical that the CIP is tied to the Comp Plan, realizing that there must be flexibility. He believes that the first three years should be fairly firm with little or no change. Ms. Gauger moved to include the proposed wording by Mr. Korell, seconded by Mr. Zink. Mr. Carlson questioned the placement of the recommendation in the document. Mr. Korell suggested having Mr. Morgan make the decision as to where to place the recommendation in the document. Mr. Meginnis stated that he was hoping to have a plan that had enough ground to grow where the market wants to grow. Mr. Marvin stated that is what he believes the Comp Plan is doing as we are adding 20 square miles over 12 years. Mr. Meginnis stated that his concern is that this says that you cannot go in to a particular area because you are not in that phase. Mr. Bayer stated that he believes there are mechanisms in the Comp Plan to allow for change. Mr. Meginnis stated that he understands what he is trying to say in that the Comp Plan needs to be longer than one year. Mr. Korell asked Mr. Bayer what his thoughts were on the proposed wording. Mr. Bayer stated that he is supportive of tying the CIP with the Comp Plan. **On roll call: Gauger, Bayer, Crump, Meginnis, Marvin, Werner, Carlson, Brown, Hampton, Zink, Korell voting "yes". Motion carried.**

Mr. Zink suggested wording in the *Preamble* as follows: *"The MIFC was charged with developing strategies for closing the infrastructure financing gap. The package of proposals in this report are designed primarily with that objective in mind. As a package, these proposals have the potential to significantly impact the resources available for other public purpose projects or needs, i.e. schools*

*and other community services. In issuing this report, the members of the MIFC wish to clearly state that they did not have the time, nor the mandate, to address the relative priority of addressing these various public needs, nor how they might be best coordinated. Pursuing answers to those questions must be left to other public forums.”* Mr. Zink added that his intent was to make it known that the committee had intended to discuss this issue, but due to the Mayor moving the completion date up, the Committee did not have time to discuss this issue in depth. Mr. Zink made a motion to accept this recommendation, seconded by Mr. Marvin. Ms. Crump commented that she feels that this should be included early in the report, so that people know what they will or will not find in the report. Mr. Zink stated that he is comfortable with having Mr. Morgan determine the appropriate placement of the wording. **On roll call: Gauger, Bayer, Crump, Meginnis, Marvin, Werner, Carlson, Brown, Hampton, Zink, Korell voting "yes". Motion carried.**

Mr. Zink commented on the lack of using inflation in the estimates and would like to have a statement as follows: *“As the proposals included in this report move from the recommendations and public policy discussion phase, to an implementation phase, it is important that the best available estimate of future inflation be used to adjust these proposals to reflect the likely impact of inflation on actual revenues and project costs.”* Mr. Zink made a motion to approve the proposed wording, seconded by Mr. Hampton. Mr. Meginnis stated that he agrees to this recommendation as it is important to get a number on this. **On roll call: Gauger, Bayer, Crump, Meginnis, Marvin, Werner, Carlson, Brown, Hampton, Zink, Korell voting "yes". Motion carried.**

Mr. Meginnis questioned the statement on page 5 of the Preamble, as follows: *“Should a replacement funding source from the development community prove unattainable, the community compromise underlying the recommendations of the MIFC and outlined in this report are considered to be null and void.”* He asked if that concept is used elsewhere pertaining to the other recommendations. Mr. Korell stated that he believed that there was consensus reached regarding this issue. Ms. Gauger described the package as a jigsaw puzzle and if you pull one piece out, it will affect the whole picture. Mr. Morgan noted that the terminology *null and void* was taken directly from Mr. Zink. He clarified that it does not say that if impact fees go away, it is null and void. It says that if impact fees go away, the development community needs to step up. Mr. Hampton commented that the paragraph just prior to the one in question states exactly that. He believes the paragraph in question projects a negative perspective. Mr. Bayer stated that he believes that if any of the funding sources, not just impact fees, are not approved, the recommendations are considered null and void. Mr. Hampton agreed with Mr. Bayer. Mr. Marvin stated that he does not want to say if we lose out on the bond issue, that we are going to “pack up and go”; there is a fallback there. Mr. Carlson stated that the difference is that impact fees have had a public discussion and public vote, and he believes that it does not hurt that they are specifically singled out.

Mr. Abbott recommended wording as follows, *“Should a replacement funding source from the development community or any of the recommendations included herein are not approved, the ability to accomplish the Comp Plan is compromised.”* Mr. Werner stated that he does not agree with this suggestion because this is an agreement that this package relies on everybody and that the development community will pay their fair share. Mr. Meginnis stated that he has pictured the

recommendation as a four-legged stool and if one of the legs goes out, it is all gone. He would like to remove the words “null and void” and to add Mr. Abbott’s proposed wording. He made that in the form of a motion, and Mr. Hampton seconded. Mr. Carlson stated that what Mr. Meginnis is stating is reiterated early in the report that this is a complete package. Mr. Zink brought up the issue of trust in the community, and he believes this issue is at the heart of this. His attempt is that this is a community compromise, with this being a key part of it. He stated that he will have a very hard time voting for the report if this is not in there. **On roll call: Bayer and Meginnis voting “yes”; Gauger, Crump, Marvin, Werner, Carlson, Brown, Hampton, Zink, Korell voting “no”. Motion failed.**

Ms. Gauger moved to delete the paragraph in question and to underline the paragraph above it; it was seconded by Mr. Hampton. Mr. Werner stated that he believes the paragraph in question should be in the report. Mr. Carlson stated that he believes it should remain as it reinforces the concept of trust. Mr. Werner stated that he believes this makes it a contract and says it is important. Ms. Brown stated that this is saying that this reinforces that impact fees will remain in effect. Mr. Hampton stated that he understands what they are saying, but encouraged the group to support Ms. Gauger’s motion. Mr. Zink reiterated that this issue is very important to him, and if it is not in the document, he will have a hard time supporting the report as he feels that would not be fair to the people he is representing.

In an attempt to achieve consensus, Mr. Abbott offered another wording suggestion as follows: *“A replacement funding source from the development community is essential to maintain the community compromise used in developing the underlying recommendations of the MIFC and contained in this report.”* Ms. Gauger moved to accept this; Mr. Hampton seconded. Mr. Zink questioned that if they are saying that this is not important from a policy point of view, why are they pushing this issue. Mr. Meginnis stated that someone may interpret it to mean that this is null and void if impact fees are not enforced. Mr. Bayer commented that he believes impact fees are not more or less important than any of the other funding sources, and this is making them more important. Mr. Carlson stated that there is an overriding concept in the document stating just that already. Ms. Crump stated that the community may try to undermine the entire process by pinpointing this one issue in order to do away with the whole process. **On roll call: Gauger, Bayer, Crump, Meginnis, Hampton and Korell voting “yes”; Marvin, Werner, Carlson, Brown and Zink voting “no”. Motion carried.**

Mr. Carlson suggested stronger wording in the second paragraph of page 2 of the *Preamble*, by changing the sentence from *“If one component of this integrated bundle of policies and approaches is deleted or significantly altered for whatever reason, the Mayor’s Infrastructure Finance Committee believes the integrity of the overall program may be drawn into question.”* to *“If one component of this integrated bundle of policies and approaches is deleted or significantly altered for whatever reason, the Mayor’s Infrastructure Finance Committee believes the integrity of the overall program is negated.”* Ms. Brown made a motion to approve the recommendation. Mr. Korell questioned Mr. Carlson on whether his intent meant to negate the whole document, including the efficiency recommendation, the legislative recommendations, and any phasing of infrastructure. Mr. Carlson stated that he did not think of that and asked for more time to consider it fully.

Mr. Carlson suggested changing the wording on page 5 of the *Preamble*, first paragraph under *Status of Impact Fees as Funding Source* which states, “*At this writing, the status of development impact fees as a source of funding for Lincoln’s future public infrastructure remains clouded with uncertainty.*” to “*At this writing, development impact fees are being challenged in court.*” There was general consensus in agreement with this suggestion.

On the *Cost Savings and Efficiency* section, Mr. Zink questioned the inclusion of the recommendation regarding grant writing as it simply forwards the issue from one committee to the other. Mr. Bayer proposed wording as such, “*We recommend the enhancing of the use of the City’s grant writing program.*” There was general consensus in agreement with this recommendation.

On the *Finance* section, Mr. Zink questioned the placement of the estimated cost increase for the average household. It was determined that Mr. Morgan would make that determination.

Mr. Korell suggested the addition of a sentence specifically identifying the breakdown of dollars for the G.O. bond issue on page 14 at the end of the first paragraph of item 4. There was general agreement with this suggestion.

Mr. Carlson questioned if the assumptions in number 8 on page 5 on water and utility rate increases should be specifically identified in the report. Mr. Korell stated that the committee has targeted a range of 3% to 5% that the City should try to manage to. Mr. Werner stated that his recollection was that there would be 3% rate increases. Mr. Korell suggested having Mr. Morgan make any necessary word changes. Mr. Werner noted that the Executive Summary and the Report should state the same thing.

There were no suggestions or concerns with *Legislation* or *Implementation*.

Mr. Korell stated that it is now time to vote on the final report..

Mr. Werner questioned if the voting record for the final report will be recorded in the report. Mr. Korell noted that would be highly unusual. Mr. Werner stated that he wants to have a clear “no” vote from him because of his involvement in the political process, and he does not want it used against him. He does not feel that abstaining is clear enough. He added that he feels that it is unfortunate because it is a good compromise, but it gets taken out of context. Mr. Korell stated that the reason the members were selected was to not only represent themselves, but the community as well. He added that there is no solution that would not have naysayers and detractors. He asked the members to set that aside, and stated that it is a give and take process. It is his feeling that the process has gone well. He added that this process has been as good a process as he been involved with in terms of participation and open, honest discussion. He noted that this report will have a lot more impact with a unanimous vote. He commended Mr. Zink and others for his support of the neighborhood community, and stated that he feels the report has been modified to reflect those interests. Ms. Brown stated that she believes that there is no protection for these people. Mr. Korell stated that there is no protection for anyone. He added that when he assumes a leadership

role in this community, there is always somebody who doesn't agree with him. Mr. Hampton stated that you cannot consider the political influence, and he agrees with Mr. Korell. There has been good debate, and he thought that consensus had been reached, and to get hung up on one issue is a mistake.

Mr. Werner stated that he is not hung up on any one piece, but if he abstains or votes "yes", it will hit him right in the face. Ms. Gauger stated that she does not think he could be criticized for abstaining. She added that she believes in this report, and it will make the community better if we can sell this report. Mr. Bayer stated that if we do not have a unanimous vote out of this committee, this document was a waste of time. He stated that although he does not like everything in the report, it will impact all of us.

Mr. Werner stated that he will vote to abstain, but he will not vote for it as it does not represent the people who he represents and there will be personal attacks on him. Mr. Carlson encouraged Mr. Werner to abstain because of public policy issues, and he can vote on it when the issues come before him. He also noted that he is supportive of all the hard work, but he is struggling with the fact that he is a publicly appointed official. He does not want that to be construed to be non-supportive of the report. Mr. Korell asked Mr. Werner if anything has changed for him from the beginning until now that has compromised his feeling about taking a position. Mr. Werner stated that he did not know where this process was going. He would have liked to see things go in a different direction, but that was not the charge. He did not know if it was appropriate to vote until it comes before Council. He has a general philosophy that this is too much on the citizens of Lincoln. The reason he said he wanted to vote "no" is because he wanted to be very clear that he does not necessarily support increasing our taxes.

Mr. Hampton stated that he is disappointed as he thought that the Committee had reached consensus. In looking at the costs, it seems like a bargain. The trend of lowering taxes is not going to continue. He stated that you build great communities by investing in the future. He added that it seems that someone who has the courage to make decisions gets hammered.

Mr. Carlson stated that the charge was to try and put a number to the problem, try to figure out how to raise the money, and try to figure out to sell the solution. Mr. Marvin stated that it takes a certain amount of courage to raise taxes, and there are things that people will have to pay for. Mr. Korell asked if the election is a weighing factor for anyone and asked if it would change anyone's vote. Mr. Zink stated that it is a factor for him. He came in to this meeting not knowing whether to vote for or against the report, but he feels that the trust has been compromised. He stated that he appreciates all the work that has been done on this report, but it was very important to him to have the strong language on impact fees.

Ms. Gauger stated that she does not feel it is inappropriate for Mr. Werner to abstain, but she feels that a 'no' vote would be harmful for the Committee. She does not see Mr. Carlson's situation the same way.

Mr. Korell called for a recess of five minutes and stated that the group will reconvene in five minutes.

Mr. Korell called the meeting to order at 5:26 p.m. He drew the group's attention to the *Preamble* and suggested that the paragraph that was originally deleted be placed verbatim in the *Preamble*. Mr. Bayer made a motion to place the previously deleted paragraph in the Preamble; it was seconded by Ms. Gauger. Mr. Meginnis stated that he does not agree with this, but he will support and fight for this document in the spirit of reaching consensus. **On roll call: Gauger, Bayer, Crump, Meginnis, Marvin, Werner, Carlson, Brown, Hampton, Zink, Korell voting "yes". Motion carried.**

Ms. Gauger moved to approve the final report as amended, seconded by Mr. Bayer. **On roll call: Gauger, Bayer, Crump, Meginnis, Marvin, Brown, Hampton, Zink, Korell voting "yes". Werner and Carlson abstaining. Motion carried.** The reason for the abstention is that these documents may come before them for a final vote.

In reference to the list of possible appendix items, Mr. Korell asked if there was anything on the list that they would like added or if there was anything they would like deleted. He noted that he feels it would be best to be more inclusive. Mr. Zink questioned if the list of possible deferred projects in the white area was on the list; it was decided that it would not be in the appendix. There were no other concerns or suggestions.

Mr. Morgan briefly reviewed the Executive Summary and the one page list of recommendations.

Ms. Gauger commented that this has been a great experience and has enjoyed working with this group. Mr. Bayer added that he has enjoyed the opportunity to meet new people and see different perspectives. He also thanked City staff for their work. Ms. Brown thanked the Tri-Chairs for the efforts in chairing the meetings. Mr. Korell stated that he feels that this is one of the best processes that he has been involved with. He feels that this is a good plan for the community.

Mr. Abbott stated that although he has disagreed with some members at times, he complimented the group on taking into consideration staffs' opinions and recommendations.

Mr. Korell adjourned the meeting at 5:40 p.m.

I:\MIFC\committee\Meeting\_Summary\_Notes\_May\_1\_03.wpd